

ENERGY EFFICIENCY AND RESOURCES MANGEMENT COUNCIL

Minutes-August 12, 2010

Conference Room C, Second Floor DOA

Call to Order: The meeting was called to order at 3:35 by Chairman Paul Ryan.

Members Present: Paul Ryan, Joe Cirillo, Dan Justynski, Abigail Anthony, Chris Powell, Joe Newsome and Ken Payne.

Staff Present: Andrew Kostrzewa and Charles Hawkins

Consultants: Mike Guerard, Scudder Parker and Betsy Harper

Others Present: Thomas Teehan, Jeremy Newberger, Karl Munzel, M. Van Gas, Anthony Baro, Josh Craft, David Brown, Julius Kolawole, Bill Codner, Raanan Miller, and C. Bull

Acceptance of Minutes: A motion was made by Joe Cirillo to accept the July minutes. It was seconded by Paul Ryan and passed unanimously.

Executive Director Report

RIOER is going through a process to upgrade LIHEAP & WAP agreements to achieve a higher level of functional integrity.

On the ARRA front:

- **A MOU with EDC was executed on 8/6 obligating over \$5M in SEP C&I EE,**

This means that 81% of the ARRA SEP has been obligated.

- **The last major piece of the ARRA SEP is EE for waste treatment plants, which the EPA's Curt Spalding is enthusiastic about.**
- **\$12M of ARRA WAP funding has gone out to the CAPs and the other \$6M has been transferred to RI Housing for multi-unit complexes.**
- **Awards for the competitive round for the EECBG have been approved and the result is that 100% of the EECBG funding has been obligated**
- **The Appliance Rebate Program was reopened with over \$400,000 distributed in about a week.**

OER met with NGrid to discuss the distribution of 2009 RGGI proceeds and the next step is to formulate a 2010 RGGI Spending Plan. OER will consult with the EERMC & DEM during this process.

Cynthia Breen, a CPA has begun work as an OER auditor and will assist the CAPs & OER in improving the LIHEAP & WAP contracts and processes.

Chris P. asked if there was a timetable to spend ARRA funds. Ken P. said that March 2012 is the deadline for expending funds and that

large scale renewable projects could be the most difficult because of NEPA requirements. If the project requires an EIS it will not go forward. Joe C. asked if there was ARRA funding to allow states to do retro-fits on historic building like the Colony House and the Old State House. Ken P. said he was not aware of such a specific funding source but it could be a good ESCO project. Joe N. asked if there was any thought to restoring historic preservation tax credits, perhaps limiting them to EE work. Ken P. did not see anything in the works.

OLD BUSINESS

Low Income Update

Abigail A. wanted to complement Andrew K. for the report that went far beyond her expectations. She felt it provides a good outreach opportunity.

Andrew reported that he receives monthly utility shutoff data from Tom Kogut at the PUC and that this year the rate of shutoffs has been the highest since 2005 especially on the gas side. This could put pressure on the low income programs with demand greater than average. On the LIHEAP side, last year the CAPs served 37,000 households with more demand expected this year with the same funding. It is anticipated that the grants will be lower this year with an average of \$610, down from \$650.

Since 2008, the WAP has steadily increased the number of homes served. It is weatherizing an average of 166 a month this year, compared to 130 in 2009, and 93 in 2008. WAP spends about \$2800 a household in the regular program and \$4730 in the ARRA WAP due to Davis Bacon requirements. WAP savings are verified using the National Energy Audit Tool (NEAT) to ensure a positive Savings to Investment Ratio (SIR) which estimates utility savings over the lifetime of the measure divided by the cost of installation.

The OER is interested in developing a measurement verification capacity to gauge the impact of the WAP. A control group of LIHEAP households that have not been weatherized will be tracked over multiple years and compared to an experimental group of LIHEAP clients who have participated in the WAP, AMP and heating system replacement program. The changes in energy consumption of all groups will then be compared to gauge program impact. Federal funding is available for this project and OER would like to partner with a RI college or university.

Dan J. would like to receive such reports in e-mail form before the meeting so he can review them. Joe C. concurred. Andrew K. said that members could e-mail questions to Abigail A and she will forward them to him. Joe N. asked if the PUC still monitored shutoffs by municipality. Andrew said he would ask Tom Kogut.

VEIC Monthly Report/PACE Update

The consultants have been strengthening their relationships with the new staff at NGRID. Mike G. met with all the new NGRID EE Program Managers and a schedule has been set to start earlier in getting the program plans designed and to the Council for review. VEIC has also been working with the EE Savings Target Sub-committee.

Scudder then moved on to the five areas of recommendations the council asked for:

- Deeper EE savings and getting more for less.**
- Marketing and getting broader participation in EE Programs.**
- Looking at new technologies.**
- Improved public awareness and understanding that is targeted to RI.**
- Work on new financing strategies.**

Betsy Harper then gave an update on PACE financing. She cited a May letter from Freddy Mac and Fannie Mae stating that they would not buy any mortgages with a PACE property assessment on them. This is contrary to USDOE objectives. 90% of the ARRA USDOE loan programs had liens. Only Maine's \$30 million loan program did not include liens. All other PACE programs nationwide have been discontinued. There are a lot of people invested in getting this changed. It also could be precedent setting with over 37,000 different kinds of liens in existence. VEIC is convinced it will be a legal battle and it is not worth legislative efforts until this is resolved.

PACE has great potential because it is accessed for 20 years which allows deeper EE and whole house solutions. But it is difficult to administer. A discussion of revolving loans and loan loss reserves then ensued. A \$4 million loan loss reserve could turn into \$40 million in loans.

For an effective Revolving Loan program you need: capitol to start it; funding to administer it; money for the loan loss reserve; and most importantly someone competent to step up to the plate and administer it.

Some states have tried utility run programs with checkered results.

Betsy has contacted RI Housing about such a program. Ken P. offered to try to set up a meeting in September with RI Housing, NGRID, EDC and council members who may want to attend. Paul R. said that he was willing to participate.

Dan J. asked how we can help towns with a strong bond ratings who want to do EE work that is included in their comp plans get these revolving loan programs off the ground. Betsy said that you need high loan volume. Paul R. feels progress is being made and if the council went to the RI Senate with a proposal they would be interested. It was agreed that Ken P. will set up a meeting with RI Housing, EDC and NGrid in September to discuss PACE & revolving

loans.

Joe N. asked about the marketing strategy cited by VEIC in Point 2 of their recommendations. Scudder said that VEIC does not have a specific marketing plan but feels RI needs its own EE brand that everybody knows about, similar to “Mass. Saves”. Joe N. was concerned about hard to reach populations.

Update from the System Reliability Sub-Committee

Abigail A. said there was not much to report. The key NGrid partner has been on vacation. Abigail gave a presentation on System Reliability to Synapse and received good feedback about what other states are doing. Joe N. asked if Ken P.’s presentation on RI Energy Supply and Sources that he gave at URI on June 5th was available. Paul R. said there was a video of the forum and we should ask Marion G. if it is available.

Report from the Energy Efficiency Savings Target Sub-Committee

Abigail brought the Council’s attention to the Executive Summary of the KEMA Phase II Opportunity Report. The object of Phase II was to identify & estimate the cost effective EE resources that were available in RI on the electric side. It entailed more than 300 surveys and site-visits with RI residential, commercial, and industrial electric customers and is the most detailed estimate of RI’s EE potential to

date.

KEMA estimated three different potentials over a 10 year period:

Technical, which is the complete penetration of all measures that are technically feasible from an engineering perspective;

Economic, which are measures that are cost effective when compared to supply-side measures; and

Achievable, which refers to the amount of cost-effective savings that are estimated to occur in response to a specific funded set of program activities.

Technical potential was estimated at 34% of the base energy use;

Economic was at 29%; and

Achievable at 27%.

The annual averages would be 3.4%, 2.9% and 2.7%. KEMA should have the entire report completed by the middle of August. Abigail suggested members review the report and e-mail any comments to her. She would also like to present the Opportunity Report to the PUC along with the targets on 9/1.

The EE Savings Sub-Committee has drafted a letter to the PUC. It reviews the Council's LCP mandate to set savings targets by 9/1; it reviews the targets that were set during the 2009-2011 3-year plan; it reviews targets that will be incorporated in the 2011-2014 plan; and it presents the energy savings targets that have been agreed upon with

NGrid during the subcommittee meetings. These targets are in Appendix A of the letter. The electric targets start at 1.36% in 2011 and rise to 2.5% by 2014. Roughly calculated it could save RI consumers more than \$500M over the lifetime of the measures; resulting in over 9600 jobs hours; and increase RI's Gross State Product by \$1.8B. On the gas side, the savings targets start at 0.55% in 2011 and increased to 1.2% by 2014.

Once the members have commented on the letter and the filing and made necessary edits Abigail A. would like to work with Dan P. to get it filed by Sept 1st. She would also like the council to vote to approve the savings targets with the necessary edits.

A motion was made by Paul R. to draft a letter dated September 1, 2010, along with accompanying documentation, to be submitted to the PUC with any amendments to be approved by the Chairman. It was seconded by Joe C. and passed unanimously.

Scudder P. noted that it only took RI two months to achieve what it took Massachusetts over a year to do and this was a great accomplishment. Ken P. noted that the RI Bar Association was doing a comprehensive rewrite of RI's energy laws.

The governor's office asked Paul R. about the status of the NGrid appointees to the Council. Paul said that if the council has two people in mind they should send a letter to the Governor

NEW BUSINESS

Presentation by Energy Efficiency Solutions

Anthony Baro gave a briefing on his company E2sol whose goal is to innovate renewable energy technologies and offers products designed to maximize energy consumption efficiencies. Some of their products include: solar power systems; solar water pumps/irrigation systems; wind power systems; and marine electric propulsion systems. They have a number of products in research & development and they have applied for numerous patents. The company is based in East Greenwich.

Public Comment

Joe C. circulated an article from the New York Times on Portugal which states that 45% of their power is being generated by renewables. Joe N. asked Jeremy N. about solar panels he saw on utility poles in New Jersey. He wanted to know if it was a pilot. Scudder P. said that VEIC helped NJ with the design. But he said that it was not the most cost efficient way to go.

Adjournment

Paul R. made a motion to adjourn, it was moved by Joe C. and

seconded by Chris P. and passed unanimously.

Respectfully submitted

Charles Hawkins

Secretary Pro-tempore